

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
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COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: February 5, 2003

From: Jorge M. Gonzalez
City Manager

**Subject: REPORT OF THE FINANCE AND CITYWIDE PROJECTS
COMMITTEE MEETING OF JANUARY 15, 2003.**

A meeting of the Finance and Citywide Projects Committee was held January 15, 2003, at 2:15 p.m. in the City Manager's Large Conference Room.

Chairman Commissioner Jose Smith, and Commissioner's Luis R. Garcia, Jr., Matti Herrera-Bower and Saul Gross were in attendance.

City staff was represented by: Jorge M. Gonzalez, City Manager; Patricia D. Walker, Chief Financial Officer; Mayra Diaz Buttacavoli, Assistant City Manager; Robert Middaugh, Assistant City Manager; Timothy Hemstreet, Capital Improvement Program Director; Fred Beckmann, Public Works Director; Jim Sutter, Internal Auditor; Georgina P. Echert, Assistant Finance Director; Jose Cruz, Budget Officer; Manuel Marquez, Finance Manager; Raul Aguila, First Assistant City Attorney; Alexandra Rolandelli, Redevelopment Coordinator; Odessa Pinder, Executive Office Associate I; Dolores M. Mejia, Office Associate V; Valerie Schwank, Office Associate V; and Erica Shafir, Office Associate V.

Others in attendance included: Charles Carreno, Hazen and Sawyer; David Kelsey, South Beach Hotel and Restaurant Association; Neil Fritz and Barry Klein, representing North Beach Development Corp.; Roland J. Kohen, CAC; Dan Ricker, Watchdog Report; and Felipe S. Azeha, STSX.

1. Sidewalk Café Fees of North Beach

ACTION

The Committee moved the item to the full Commission, recommending the City of Miami Beach: waive Sidewalk Café Fees for all businesses north of 63rd Street; and, annually review the practice of waiving Sidewalk Café Fees for businesses north of 63rd Street at budget time.

Commissioner Luis R. Garcia introduced the item. Currently the City of Miami Beach does not charge Sidewalk Café Fees to businesses situated on state roads. This leads to a potentially inequitable situation for businesses located on City owned roads which are directly across the street from state roads. Businesses located on City owned roads are required to pay Sidewalk Café Fees while their competitors directly across the street on State owned roads are not required to pay because the City has no jurisdiction over these roadways. Commissioner Garcia would like to explore an equitable way to remedy this situation.

Commissioner Garcia stated that City Manager Jorge M. Gonzalez and Public Works Director Fred Beckmann have explained to him that taking over jurisdiction of State Roads in Miami Beach would not be a financially sound decision due to the additional cost of maintaining said roads and absorbing the related liability.

Commissioner Matti Herrera-Bower stated that perhaps the City could waive Sidewalk Café Fees in North Beach as an economic incentive for development in that area.

Chief Financial Officer Patricia Walker said that by waiving Sidewalk Café Fees in North Beach, the City would forgo approximately \$6,500 in revenue.

Commissioner Matti Herrera-Bower moved the item to the full Commission, recommending the City of Miami Beach: waive Sidewalk Café Fees for all businesses north of 63rd Street; and, annually review the practice of waiving Sidewalk Café Fees for businesses north of 63rd Street at budget time.

2. Discussion regarding concession revenues and funding for Lincoln Road Marketing, Inc.

ACTION

Item Deferred.

3. Minimum Pension Benefit Resolution

ACTION

Item Deferred.

4. Funding Sources for the Washington Avenue Streetscape Improvement Project

ACTION

The Committee moved the item to the full Commission, recommending the City of

Miami Beach appropriate \$1,611,555 for the Washington Avenue Streetscape Project from the City's General Fund undesignated fund balance, subject to the following conditions: said funds are to be reimbursed by proceeds received from the Miami-Dade County Transportation Tax, also known as the Miami-Dade County Half Penny Sales Tax; the City will prepare a "Declaration of Intent," specifically detailing the plan to reimburse all project cost paid by the General Fund with incoming Transportation Tax Funds. Additionally, the City will pay project costs from all other designated funding sources available for the Washington Avenue Streetscape Project, before using General Fund dollars.

Capital Improvement Program Director Timothy Hemstreet introduced and summarized the item. Based on current construction estimates prepared by Hazen and Sawyer, the City's Program Manager for the Right-of-Way (ROW) Infrastructure Improvement Program, there is an approximate \$1,611,555 shortfall in funding for Phases II, IV, and V of the Washington Avenue Streetscape Project.

City Manager Jorge M. Gonzalez stated that if it is the will of this Committee, the project could go forward without the approximate \$1.6 million, but this would mean a major reduction in scope. Mr. Gonzalez further stated that this project has been seven years in the making and changing the scope at this time would lead to delays in construction while new construction documents are drafted.

Mr. Gonzalez stated that the Washington Avenue Streetscape Project qualifies for funding from the Miami-Dade County Transportation Tax, also known as the Miami-Dade County Half Penny Sales Tax. This tax program has been established to assist local communities with transit related projects. Miami-Dade County has established an oversight committee to approve the use of the Transportation Tax prior to its expenditure and monitor the use of the funds.

Commissioner Matti Herrera-Bower moved the item to the full Commission, recommending the City of Miami Beach appropriate \$1,611,555 for the Washington Avenue Streetscape Project from the City's General Fund undesignated fund balance, subject to the following conditions: said funds are to be reimbursed by proceeds received from the Miami-Dade County Transportation Tax, also known as the Miami-Dade County Half Penny Sales Tax; the City will prepare a "Declaration of Intent," specifically detailing the plan to reimburse all project cost paid by the General Fund with incoming Transportation Tax Funds. Additionally, the City will pay project costs from all other designated funding sources available for the Washington Avenue Streetscape Project, before using General Fund dollars. Motion seconded. Voice vote was taken. Motion passed unanimously.

5. RFP for Auditing Services for Auditing Resort Taxes

ACTION

The Committee moved the item to the full Commission, recommending the City issue a Request for Proposals for auditing services for Resort Tax payers for a one-year

period with two one-year extensions, and to extend the existing contracts with Beverly Young and The Bookkeepers on a month-to-month basis until a new contract is executed.

Internal Auditor Jim Sutter introduced and summarized the item. The City of Miami Beach charges a resort tax of three percent on revenues generated by the sale of rooms and two percent of revenues from food and beverage earned within the City.

Businesses are required to register with the City to collect and remit taxes. As of October 1, 2002, there were 1,918 businesses registered to collect resort taxes. Of the total registered businesses, 663 are reporting taxes to the City on a monthly basis and 6 are reporting taxes on a quarterly basis. These businesses consist of hotels, restaurants, nightclubs, and bars. The balance of registered businesses (1,249) represents apartments required to report on an annual basis to the City.

Mr. Sutter stated that the City employs field agents to audit these businesses. In an effort to expand audit coverage, the City has entered into agreements with independent contractors to audit the records of these businesses. On September 14, 1999 the Commission adopted a resolution authorizing the issuance of a Request for Proposal for the provision of auditing services for resort and telecommunication taxes. Two firms were awarded contracts for one year with two one-year renewals. Currently, the City has four field agents and professional service agreements with two contractors, which expire February 28, 2003.

Previously, the City collected a telecommunication tax from hotel operators who provided telecommunications services to their customers. Auditing for compliance of this tax was performed by the City's field agents and its auditing contractors. Effective October 1, 2001, the State of Florida collects this tax and remits a portion of the tax to the City. The State now has the auditing responsibility for this telecommunication tax. As a result, the City's auditing of those taxes reported prior to September 30, 2001 will be phased out and not included in this proposal.

The Internal Audit objective for the current fiscal year is to audit 28 percent of the monthly and 12 percent of the annual active resort tax accounts for a total of 350 accounts. The Internal Audit Department will assign these audits to the City's field agents and independent contractors.

The contract term would be for a period of one year with the option of two one-year renewals. Funds are available from the resort tax fund. The proposed budget for the current fiscal year 02/03 has been reduced from \$175,000 to \$150,000 for these professional services. Expenditures for fiscal year 01/02 amounted to \$115,692.

The issuance of an RFP will allow the City to move forward with the selection of independent contractors to audit resort taxes at the current level of coverage.

Commissioner Matti Herrera-Bower moved the item to the full Commission, recommending the City issue a Request for Proposals for auditing services for Resort Tax payers for a one-

year period with two one-year extensions, and to extend the existing contracts with Beverly Young and The Bookkeepers on a month-to-month basis until a new contract is executed. Motion seconded. Voice vote was taken. Motion passed unanimously.

6. The construction budget related aspects of the Byron Carlyle Theater

ACTION

Item Deferred.

The meeting adjourned at 3:35 p.m.

JMG/PDW/mim

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